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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

DEC 16 1996

Federal Communications Commission
Office of Secretary

In the Matter of)
)
Amendment of the Commission's)
Rules to Establish Part 27, the)
Wireless Communications Service)
("WCS"))

GN Docket No. 96-228

To: The Commission

REPLY COMMENTS OF PUERTO RICO TELEPHONE COMPANY

Puerto Rico Telephone Company ("PRTC") hereby submits its reply comments in the above-referenced proceeding. Based on the comments that have been submitted, the Commission should license the Wireless Communications Service that has been designated for the 2305-2320 and 2345-2360 MHz bands on a flexible basis in 10 MHz blocks to serve major trading areas ("MTAs").

I. PARTIES AGREE THAT WCS LICENSEES SHOULD HAVE FLEXIBLE SERVICE OPTIONS

The Commission has proposed licensing on the bands for fixed, mobile, and radiolocation services and satellite DARS on a primary basis. PRTC supports flexible licensing for this service, and a number of parties agree that this policy will permit licensees to offer services according to the needs of the consumers in the licensed area.

For example, ALLTEL Mobile Communications agrees with the "marketplace approach" to allocate licenses for various services (at 2). The Competition Policy Institute has also found that the

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flexible approach for WCS may be reasonable because it enables licensees to use spectrum for different services that will most benefit consumers (at 3). See also DSC Communications Corporation at 3; The Telecommunications Association at 2-3; Vanguard Cellular Systems at 2-3. A licensee, therefore, will be in the best position to assess consumer demand and provide the most appropriate service in accordance with sound spectrum management policy. But see Motorola at 3 (expressing concern that lack of planned approach will damage the telecommunications industry); Telecommunications Industry Association Fixed Point-to-Point Communications and Private Radio Sections at 3-4 (stating that the Commission has not ensured in this proceeding that the use of electronic spectrum will benefit the public interest).

Some parties oppose a flexible WCS service offering based on the potential for interference between different services. See, e.g., Alcatel Network Systems, Inc. at 3; SBC Communications Inc. at 3-4. In all other instances, however, licensees are responsible for ensuring that their operations do not create interference across MTA boundaries. For the WCS frequencies, licensees will remain responsible for coordination to avoid interference. Adhering to this traditional practice should provide an opportunity for market-based service offerings and should offer a way to address concerns about interference and incompatibility of offering different services in the same frequency bands.

II. WCS LICENSES SHOULD BE GRANTED IN 10 MHZ BLOCKS ON AN MTA BASIS

The allocation of 10 MHz licenses covering an MTA geographic area will encourage the greatest service options in an area for which many bidders may compete. AT&T Wireless Services correctly observes that 10 MHz blocks in 5 MHz pairs will encourage broad participation by a wide variety of applicants and will promote technical and service innovation (at 2-3). MTA licensing areas will encourage participation by a diverse group of service providers by requiring lower start-up costs as compared to larger licensing areas. See Pacific Telesis Group at 2-3.

Similarly, PrimeCo Personal Communications states that WCS licenses should be awarded on an MTA basis to "promote rapid deployment of a wide variety of services and providers" (at 3). See also AirTouch Communications, Inc. at 6-7 (finding that MTA service areas will ensure service to rural areas); Bell Atlantic NYNEX Mobile, Inc. at 3 (stating that MTA or BTA licensing will permit the most efficient use of the spectrum and disseminate licenses among a wide variety of applicants); Cellular Telecommunications Industry Assoc. at 12 (concluding that WCS spectrum blocks should be no larger than 10 MHz over BTA and MTA geographic areas); Digivox Corp. at 4-6 (concluding that MTA licensing will permit participation of small businesses and supporting 10 MHz blocks).

In addition, Pacific Telesis finds that the MTA licensing area will assist existing licensees that acquire WCS licenses in meeting customers' needs (at 3). See also PRTC at 3. Even

participants advocating particular uses for the spectrum agree that licensing blocks on an MTA basis will "encourage most efficient and flexible use of the spectrum." Digital Satellite Broadcasting Corp. at 7-9. (advocating that DARS be available on the WCS bands); Personal Communication Industry Assoc. at 4, 9-10, 12 (supporting the use of paired 5 MHz blocks on MTA basis for high-speed, broadband data services).

Finally, to the extent that parties support the availability of larger spectrum blocks, the Commission should consider permitting aggregation of spectrum licensed for WCS to satisfy a the requirement for larger blocks. See Cellular Telecommunications Industry Assoc. at 13; AirTouch at 9; The Telecommunications Assoc. at 5.

III. THE SPECTRUM CAP SHOULD NOT BE APPLIED DUE TO GROWING COMPETITION IN THE CMRS MARKET

Application of the spectrum cap for WCS licensees would have the effect of limiting competitive opportunities rather than protecting against market concentration. A number of parties, however, support retention of the spectrum cap if CMRS services are permitted on the WCS spectrum bands. The primary rationale for this argument is to prevent "unfair dominance in the CMRS marketplace." See The Telecommunications Association at 8; see also BellSouth Corp. at 11-12 (stating that the cap should apply to any WCS spectrum used for CMRS); Personal Communication Industry Assoc. at 11 (stating that the cap should apply if CMRS

operations are permitted); Omnipoint Corporation at 10; Digivox Corp. at 9-10; GTE at 6-7.

Yet, as several parties have pointed out, between cellular, PCS and enhanced SMR licensees, some markets may have several competing local CMRS providers. See, e.g., AT&T Wireless Services at 7; Guam Telephone Authority at 3; Rural Telecommunications Group at 9; Vanguard Cellular Systems, Inc. at 6. Cf. CTIA at 16-17 (spectrum cap should be raised due to market deconcentration). Because competitive CMRS options are expanding, the spectrum cap should not be applied to WCS. The Commission should seek to encourage opportunities for as many bidders as possible to meet the telecommunications service demand within a licensing area, and application of the spectrum cap may exclude those competitors who have the greatest capability for successfully meeting demands. On the other hand, if WCS licenses are awarded free from the spectrum cap, then the maximum number of interested bidders will be able to participate in the auction.

CONCLUSION

For these reasons, PRTC respectfully requests that both fixed and mobile services be available through the Wireless Communications Service. The licenses should be awarded for MTAs in 10 MHz blocks for maximum service flexibility and

participation in the auction. Finally, WCS licenses should not count toward the spectrum cap.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Tina M. Pidgeon", is written over a horizontal line.

Tina M. Pidgeon
DRINKER BIDDLE & REATH
901 15th Street, N.W., Suite 900
Washington, D.C. 20005
(202) 842-8800

Attorney for
PUERTO RICO TELEPHONE COMPANY

Dated: December 16, 1996

CERTIFICATE OF SERVICE

I, Marjorie A. Schroeder, do hereby certify that copy of the Reply Comments of Puerto Rico Telephone Company were mailed by first-class mail, postage prepaid on this 16th day, December, 1996 to the following:

William F. Caton*
Secretary
Federal Communications
Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

ITS*
2100 M Street, N.W.
Suite 140
Washington, D.C. 20037

ITS Corporation,
A Subsidiary of ADC
Telecommunications, Inc.
David J. Neff
375 Valley Brook Road
McMurray, PA 15317-3345

AirTouch Communications, Inc.
Kathleen Q. Abernathy
David A. Gross
1818 N Street, N.W.
Suite 800
Washington, D.C. 20036

Alcatel Network Systems, Inc.
Robert J. Miller
Gardere & Wynne, L.L.P.
1601 Elm Street, Ste. 3000
Dallas, TX 75201

ALLTEL Mobile Communications,
Inc.
Glen S. Rabin
655 15th Street, N.W.
Suite 220
Washington, D.C. 20005

American Mobile Radio Corp.
Lon C. Levin
Vice President
10802 Parkridge Boulevard
Reston, VA 22091

American Mobile Radio Corp.
Bruce D. Jacobs
Fisher Wayland Cooper, et al.
2001 Pennsylvania Avenue, N.W.
Suite 400
Washington, D.C. 20006

Aerospace and Flight Test
Radio Coordinating Council
William K. Keane
Arter & Hadden
Suite 400K
1801 K Street, N.W.
Washington, D.C. 20006

The American Radio Relay
League, Incorporated
Christopher D. Imlay
Booth Freret Imlay, et al.
1233 20th Street, N.W.
Suite 204
Washington, D.C. 20036-2304

American Petroleum Institute
Petroleum Communications, Inc.
Wayne V. Black
Paula Deza
Keller and Heckman LLP
1001 G Street, N.W.
Suite 500 West
Washington, D.C. 20001

American Water Works Assn.
Government Affairs Office
John H. Sullivan
1401 New York Ave., N.W.
Suite 640
Washington, D.C. 20005

Association of American
Railroads
Thomas J. Keller
Verner, Liipfert, et al.
901 15th Street, N.W.
Suite 700
Washington, D.C. 20005

Assn. of Public-Safety
Communications Officials-
International, Inc.
Robert M. Gurss
Wilkes, Artis, Hedrick et al.
1666 K Street, N.W. #1100
Washington, D.C. 20006

AT&T Wirless Services, Inc.
Cathleen A. Massey
Douglas I. Brandon
1150 Connecticut Avenue, N.W.
Suite 400
Washington, D.C. 20036

Bell Atlantic NYNEX Mobile,
Inc.
John T. Scott, III
Crowell & Moring LLP
1001 Pennsylvania Ave., NW
Washington, D.C. 20004

Bell Communications Research,
Inc.
Louise L.M. Tucker
2101 L Street, N.W.
Suite 600
Washington, D.C. 20037

BellSouth Corporation
William B. Barfield
Jim O. Llewellyn
1155 Peachtree St., NE
Suite 1800
Atlanta, GA 30309-2641

BellSouth Corporation
David G. Frolio
David G. Richards
1133 21st Street, N.W.
Washington, D.C. 20036

Cellular Telecommunications
Industry Assocaition
Michael F. Altschul
Randall S. Coleman
1250 Connecticut Avenue, NW
Suite 200
Washington, D.C. 20036

Cook Inlet Communications,
Inc.
Steve C. Hillard
1966 13th Street
Suite 280
Boulder, CO 80302

Competition Policy Institute
Ronald J. Binz
Debra Berlyn
John Windhausen, Jr.
1156 15th Street, N.W.
Suite 310
Washington, D.C. 20005

Consumer Electronics
Manufacuters Association
George Hanover
Joe Peck
2500 Wilson Boulevard
Arlington, VA 22201

Digital Satellite Broadcasting
Corporation
Diane S. Hinson
Cheryl A. Tritt
Morrison & Foerster, LLP
2000 Pennsylvania Ave., NW
Suite 5500
Washington, D.C. 20006

Digivox Corporation
Eliot J. Greenwald
Collette M. Capretz
Fisher Wayland Cooper et al.
2001 Pennsylvania Ave., NW
Suite 400
Washington, D.C. 20006

DSC Communications Corporation
Randall B. Lowe
Laura S. Roecklein
Piper & Marbury, LLP
1200 19th Street, NW
Washington, D.C. 20036

Florida Cellular RSA
Limited Partnership
David L. Hill
Audrey P. Rasmussen
O'Connor & Hannan, LLP
1919 Pennsylvania Ave., NW
Suite 800
Washington, D.C. 20006-3483

GTE Service Corporation
Andre J. Lachance
1850 M Street, N.W.
Suite 1200
Washington, D.C. 20036

Guam Telephone Authority
Veronica M. Ahern
J. Breck Blalock
Nixon Hargrave Devans et al.
One Thomas Circle
Washington, D.C. 20005

The Harris Corporation
Farinon Division
Leonard Robert Raish
Fletcher, Heald & Hildreth
1300 North 17th Street
11th Floor
Rosslyn, VA 22209

The Interactive Services
Association
Edwin N. Lavergne
J. Thomas Nolan
Ginsburg, Feldman & Bress
1250 Connecticut Avenue, NW
Washington, D.C. 20036

Industrial Telecommunications
Association, Inc.
Mark E. Crosby
Frederick J. Day
1110 N. Glebe Road
Suite 500
Arlington, VA 22201

Lucent Technologies Inc.
Theodore M. Weitz
Stephen Rosen
283 King George Road
Room C2A23
Warren, NJ 07059

The Markle Foundation
Henry Geller
1750 K Street, N.W.
Suite 800
Washington, D.C. 20006

Motorola Inc.
Richard Barth
Stuart Overby
1350 Eye Street, N.W.
Suite 400
Washington, D.C. 20005

Multipoint Networks
David J. McClure
19 Davis Drive
Belmont, CA 94002-3001

National Association of
Broadcasters
Henry L. Baumann
Valerie Schulte
1771 N Street, N.W.
Washington, D.C. 20036

Omnipoint Corporation
Mark J. Tauber
Mark J. O'Connor
Piper & Marbury, LLP
1200 19th Street, NW
Seventh Floor
Washington, D.C. 20036

PACS Providers Forum
James H. Barker
Steven H. Schulman
Latham & Watkins
1001 Pennsylvania Avenue, NW
Suite 1300
Washington, D.C. 20004

Pacific Telesis Group
James P. Tuthill
Betsy S. Granger
Lucille M. Mates
140 New Montgomery Street
Room 1526
San Francisco, CA 94105

Pacific Telesis Group
Margaret E. Garber
1275 Pennsylvania Avenue NW
Washington, D.C. 20004

Personal Communications
Industry Association
R. Michael Senkowski
Katherine M. Holden
Stephen J. Rosen
Wiley, Rein & Fielding
1776 K Street, N.W.
Washington, D.C. 20006

Personal Communications
Industry Association
Mark J. Golden
500 Montgomery Street
Suite 700
Alexandria, VA 22314-1561

Pocket Communications, Inc.
Lynn R. Charytan
Wilmer, Cutler & Pickering
2445 M Street, N.W.
Washington, D.C. 20037

PrimeCo Personal
Communications
William L. Roughton, Jr.
1133 - 20th Street, N.W.
Suite 850
Washington, D.C. 20036

Primosphere Limited
Partnership
Leslie A. Taylor
Guy T. Christiansen
Leslie Taylor Associates
6800 Carlynn Court
Bethesda, MD 20817-4302

Radio Order Corporation
David A. Reams
Law Office of David A. Reams
P.O. Box 502
Perrysburg, OH 43552

Rural Telecommunications Group
Caressa D. Bennet
Gregory W. Whiteaker
Bennet & Bennet, PLLC
1019 Nineteenth Street, NW
Suite 500
Washington, D.C. 20009

SBC Communications Inc.
James D. Ellis
Robert M. Lynch
David F. Brown
175 E. Houston, Rm. 1254
San Antonio, TX 78205

Southwestern Bell Mobile
Systems
Carol Tacker
Bruce Beard
17330 Preston Road
Suite 100A
Dallas, TX 75252

Southwestern Bell Telephone
Company
Durward D. Dupre
Mary W. Marks
One Bell Center
Room 3558
St. Louis, MO 63101

Shell Offshore Services
Company
Wayne V. Black
Brian Turner Ashby
Keller and Heckman LLP
1001 G Street, NW
Suite 500 West
Washington, D.C. 20001

Sprint Spectrum L.P.
d/b/a Sprint PCS and
Sprint Corporation
Cheryl A. Tritt
James A. Casey
Morrison & Foerster LLP
2000 Pennsylvania Ave., NW
Suite 5500
Washington, D.C. 20006

Sprint Spectrum L.P.
d/b/a Sprint PCS
Jonathan M. Chambers
1801 K Street, N.W.
Suite M-112
Washington, D.C. 20006

Sprint Corporation
Jay C. Keithley
1850 M Street, N.W.
Suite 1100
Washington, D.C. 20036

Telecommunications Industry
Association
Denis Couillard
Wayne Leland
Eric Schimmel
2300 Wilson Blvd., Suite 300
Arlington, VA 22201

Telephone and Data Systems
Inc.
George Y. Wheeler
Koteen & Naftalin LLP
1150 Connecticut Avenue, NW
Suite 1000
Washington, D.C. 20036

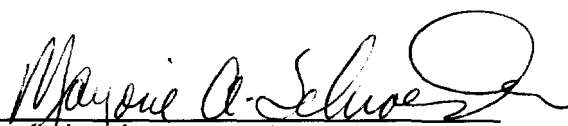
UTC
Jeffrey L. Sheldon
Sean A. Stokes
UTC
1140 Connecticut Avenue, NW
Suite 1140
Washington, D.C. 20036

Vanderbilt University
Joe B. Wyatt
211 Kirkland Hall
Nashville, TN 37240

Vanguard Cellular Systems,
Inc.
Paul C. Besozzi
Janet Fitzpatrick
Patton Boggs, LLP
2550 M Street, N.W.
Washington, D.C. 20037

21st Centry Telesis, Inc.
Robert A. Hart, IV
P.O. Box 66436
Baton Rouge, LA 70896

*via hand delivery


Marjorie A. Schroeder